

STATE OF CALIFORNIA
CAPITAL OUTLAY
BUDGET CHANGE PROPOSAL (COBCP)
COVER PAGE (REV 03/04)

DEPARTMENT OF FINANCE
915 L Street
Sacramento, CA 95814
IMS Mail Code: A15

BUDGET YEAR 2007-08

ORG CODE: 3845 COBCP NO. 07/08:02 PRIORITY: 3 PROJECT ID: 38-07-020

DEPARTMENT: San Diego River Conservancy

PROJECT TITLE: Recreation and Education

TOTAL REQUEST (DOLLARS IN THOUSANDS): \$750 MAJOR/MINOR: MA

PHASE(S) TO BE FUNDED: Various PROJ CAT: _____ CCCI/EPI: _____

SUMMARY OF PROPOSAL:

Appropriate to the San Diego River Conservancy \$750,000 comprised of \$250,000 each from the following funds: General Fund, Environmental License Plate Fund, and future Park/Water or Conservation Bond Act funds. The requested appropriation would be extensively leveraged with other Conservancy funding sources (Prop 40 River Parkways) and partner contributions.

The purpose of the requested appropriation is to advance the Conservancy's Recreation and Education Program by funding high priority projects which provide and enhance recreational and educational opportunities within (or about) the San Diego River Area. Specifically, the funds will be used to (1) develop San Diego River trail segments in the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego; and (2) pay for the cost of printing and distributing an educational book for children about the San Diego River entitled "Nico the Gnatcatcher and the Upside Down River" that was recently written by a local 7th grade class.

The Conservancy is relatively new and has never had its own capital outlay/local assistance appropriation with which to conduct its statutory mission (Capital Outlay Budget = \$0). Application is currently underway for the entire remaining balance of the original Prop 40 River Parkways appropriation earmarked for the San Diego River (which is a line-item in the Resources Agency's budget). In addition the Conservancy has in the past, is now, and will continue in the future to actively seek funding from numerous other state, federal, local, and private funding sources as described in Section A below (and detailed in Appendix 1).

HAS A BUDGET PACKAGE BEEN COMPLETED FOR THIS PROJECT? (E/U/N/?): N

REQUIRES LEGISLATION (Y/N): N IF YES, LIST CODE SECTIONS: _____

REQUIRES PROVISIONAL LANGUAGE (Y/N) _____

IMPACT ON SUPPORT BUDGET: ONE-TIME COSTS (Y/N): ___ FUTURE COSTS (Y/N): ___

FUTURE SAVINGS (Y/N): ___ REVENUE (Y/N): ___

DOES THE PROPOSAL AFFECT ANOTHER DEPARTMENT (Y/N): ___ IF YES, ATTACH
COMMENTS OF AFFECTED DEPARTMENT SIGNED BY ITS DIRECTOR OR DESIGNEE.

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SIGNATURE APPROVALS:

PREPARED BY DATE

REVIEWED BY DATE

DEPARTMENT DIRECTOR DATE

AGENCY SECRETARY DATE

DOF ANALYST USE

DOF ISSUE # _____ PROGRAM CAT: _____ PROJECT CAT: _____ BUDG. PACK STATUS: _____
ADDED REVIEW: SUPPORT: _____ TIRU: _____ FSCU: _____ OSAE: _____ CALSTARS: _____

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Using the attached page, follow the format outlined below and fully address all of the items. Use addition pages as needed. Certain projects may require additional information. Questions should be referred to DOF.

A. PURPOSE OF THE PROJECT: (problem, program need, infrastructure deficiency)

Purpose

This proposal requests appropriation to the San Diego River Conservancy (Conservancy), \$750,000 comprised of \$250,000 each from the following funds: General Fund, Environmental License Plate Fund, and future Park/Water or Conservation Bond Act funds¹. The purpose of the requested appropriation is to advance the Conservancy's *Recreation and Education Program* by funding high priority projects which provide and enhance recreational and educational opportunities within (or about) the San Diego River Area. The requested appropriation would be extensively leveraged with other Conservancy funding sources (Prop 40 River Parkways) and partner contributions.

Problem

The San Diego River Conservancy has a clear statutory mandate, a recently adopted Five Year Strategic and Infrastructure Plan, a newly established *Recreation and Education Program*, and the vision of a San Diego River Park that is more "on paper" than on the ground and which remains unknown to most San Diegans. The Conservancy however has never had funding appropriated to its Capital Outlay Budget with which it can conduct its statutory mission and its *Recreation and Education Program*.

Program Need

The Conservancy's statutory objectives include: ***"to provide recreation opportunities, open space,...and lands for educational uses within the area."*** ***"To provide for the public's enjoyment and to enhance the recreational and educational experience on public lands in the territory in a manner consistent with the protection of land and natural resources, as well as economic resources, in the area."*** The Conservancy will implement these recreation and education objectives by building with its partners a river-long San Diego River Park and trail, facilitating public access to and within the River Park via multi-use trails, staging areas and visitor services as envisioned in several of our partner's existing San Diego River Planning documents. Public activities will include walking, cycling, horseback riding, boating and fishing. These efforts will include interpretation of the River's natural, historic/cultural and recreational values as acknowledged in Article 1, Section 32631(a) of the statute; and enhancement of the visitor experience by improving public safety and education. Educational materials on the natural and cultural resources and history of the San Diego River will be included in interpretive displays and programs.

The goal of the Conservancy's *Recreation and Education Program* is to complete projects that will most expeditiously result in River Park amenities that the public can begin to see and use. This primarily means build the River Park Trail, and specifically complete or significantly advance at least 32 miles of trail. Related projects focus on making the River Park "real" and safe, and on encouraging public involvement in making the River healthier. Both of the later goals are about implementing public education.

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The requested appropriation will be used to advance the Conservancy's *Recreation and Education Program*. Specifically the funds will be used to (1) develop several San Diego River trail segments in the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego; and (2) pay for the cost of printing and distributing an outstanding educational book for children about the San Diego River entitled "Nico the Gnatcatcher and the Upside Down River". The book was recently written by a local 7th grade class. These projects (especially developing trail segments) will be implemented in conjunction with our partners and extensively leveraged with other Conservancy funding sources (e.g., Prop 40 River Parkways) and partner contributions.

San Diego River Park Trail –Design and Construct

The Conservancy is currently proposing the development of trail segments (of varying lengths) in the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego and we are currently working closely with our partners to design and implement each segment. Partners include the Cleveland National Forest, the County of San Diego, the City of Santee, City of San Diego, the Endangered Habitats League, the San Diego River Park Foundation, the San Diego Bicycle Coalition and other members of the San Diego River Coalition. We are also currently working closely with the Department of Fish and Game and US Fish and Wildlife to address each of the many complex CEQA issues that have arisen to date.

Children's Book, "Nico the Gnatcatcher and the Upside Down River" – Print and Distribute

The Conservancy would like to make a grant to High Tech Middle Media Arts School in San Diego to reprint a recently published children's book that a class of 7th grade students wrote and illustrated called "Nico the Gnatcatcher and the Upside Down River". The book is a wonderful educational tool that tells the history of the San Diego River, teaches about endangered species and environmental issues, and encourages students to get involved in protecting and preserving the River's precious resources.

A limited number of copies (250 copies) of the book were originally printed through a grant from the National Geographic Society. The Conservancy would like to use the requested appropriation to have the book reprinted on a much larger scale and to help with its distribution. The students/teacher have requested that all of the proceeds from the sale of the book be invested in protecting the San Diego River (which could possibly provide a small revenue stream to the Conservancy). The original costs to print the book were relatively high (approximately \$20 per book). The Conservancy will investigate reduced costs for volume with the original printer but will also explore the costs associated with using the Office of State Publishing. It is likely that we may be able to secure a relatively inexpensive way to print the book on a large scale. The Conservancy would also like to be involved in distributing free copies of the book to local schools, libraries and similar organizations.

Conservancy's Total Fiscal Need

To put this appropriation request in perspective, the Conservancy's recently adopted Five Year Strategic and Infrastructure Plan estimates the Conservancy's total capital outlay funding need at approximately **\$164.5 million**². This is the estimate of the total cost for the Conservancy to

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conduct its statutory mission over the upcoming five year planning period. It is based on the projected costs of conducting the Conservancy's four major Programs and 30 implementing Projects. The *Recreation and Education Program* alone, which has an initial five year objective of building 32 miles of trail, is estimated to cost in excess of \$ **51 million**.

The Conservancy fully recognizes that the requested appropriation is miniscule in comparison to the costs of this Program. The Conservancy intends to combine this appropriation with Conservancy funds from other sources, such as Prop 40 River Parkways, and with significant contributions from our partners.

All of the projects mentioned above, and many more of a similar nature, are fully consistent with the *San Diego River Conservancy's Five Year Strategic and Infrastructure Plan*³ (Plan) as identified in Program 2, *Recreation and Education*, Projects 1 and 2 on pages 15-30. Consistency with the Plan is discussed in Section B below.

Past and Future Conservancy Efforts to Secure Funding

Although the San Diego River Conservancy is still in its infancy, it has already taken significant steps to secure funding (or related budget authority) necessary to conduct its mission. See Appendix 1 for discussion of Conservancy's efforts to secure funding.

\$240,000 Special Deposit Fund Account

The Conservancy has successfully secured a \$240,000 award from the City of San Diego as mitigation for alleged discharges of sewage into the San Diego River.⁴ These funds are currently earning interest in a Special Deposit Fund Account and can be used for capital outlay purposes. The Governing Board has formally designated these funds as seed money to initiate the Conservancy's comprehensive Hydrology Assessment of the San Diego River Watershed which is currently in the early design stages. Portions of the \$240,000 however are currently being used to cover the upfront costs of on-going acquisitions (White property, Anderson property, etc.). This practice will necessarily continue until the Conservancy is able to secure an alternate source of readily available funds for this purpose.

Reimbursement Authority and Federal Trust Fund

In addition, the Conservancy has applied for several state and local grants and other funding opportunities. In anticipation of receiving such funds, the Conservancy requested and was granted \$500,000 of Reimbursement Authority. The Conservancy has also applied for three federal appropriations. In anticipation of receiving federal funding, the Conservancy is currently submitting a COBCP requesting Federal Trust Fund Authority (this packet contains a total of seven COBCPs).

Consequences of Not Granting this COBCP

If the funding for this recreation and education COBCP is not awarded, recreation and education opportunities would be lost, limited or curtailed as access to the River is restricted due to future development. Furthermore, many opportunities for River stewardship may also never be realized if the educational objectives of this COBCP are not funded.

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Measures of Success

Successful use of the requested appropriation will be measured in terms of:

- Miles of permanent trail planned, including completion of CEQA permit requirements;
- Miles of permanent trail constructed; and
- Number of copies of children's San Diego River book printed and distributed.

Additional Important Information in Appendices

In order to keep the body of this document concise and focused, I have provided two important Appendices with relevant additional information for your consideration.

Appendix 1

Appendix 1 provides information on each of the following topics:

Past and Future Conservancy Efforts to Secure Funding

- *Two 2007 Federal Appropriation Requests*
- *Supplemental Environmental Project (SEP) to Local Transit District*
- *Cave's Water and Parks Private Initiative for Nov 2006 Ballot*
- *Resources' Prop 40 River Parkways Funds for San Diego River (\$3 million)*
- *Plans for Resources' Remaining \$5 million Prop 40 River Parkway Funds*
- *Support BCPs for 2007*
- *Reimbursement Authority*
- *Federal Appropriation for FY 2006*
- *Consolidated Grant, State Water Resources Control Board*
- *Prop 50 Integrated Regional Water Management Plan (IRWMP)*
- *Southern California Wetlands Recovery Project (SCWRP)*

Why Should Funds be Appropriated to the San Diego River Conservancy?

- *Strong Partner Support / Highly leveraged*
- *Demonstrated Need*
- *Strong Public Support*
- *Allows Conservancy to Build Track Record*

Justification for General Funds Request

- *Need and Request*
- *No Prop 12, 13, 40, 50 Appropriations*
- *Not in Private Initiative*
- *No Tidelands Oil Revenues Funds*
- *Unanticipated State Revenues*
- *Flexible Funding Source Needed (for upfront acquisition costs, etc.)*
- *General Funds Support State Conservancies*
- *Local Funding Sources are Not Available*

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Bond Fund Request

ELPF / Special Fund Request

Appendix 2

Appendix 2 provides the big picture overview of the Conservancy's total COBCP Request including:

Background: Information about Conservancy's statutory mission, Five Year Plan, four major Programs and 30 implementing projects.

Map: Newly developed GIS based map of the San Diego River Watershed identifying the Conservancy's statutory jurisdiction and major River reaches.

Table 1: Summary table of all seven COBCPs included in this year's COBCP package and requesting a total of \$6.5 million.

B. RELATIONSHIP TO THE STRATEGIC PLAN: (relevance of problem/need to mission and goals).

The San Diego River Conservancy has full authority to conduct the projects proposed in this COBCP. This COBCP is entirely consistent with, and in furtherance of, the Conservancy's enabling statute, statutory mission and objectives, and the "*San Diego River Conservancy's Five Year Strategic and Infrastructure Plan 2006-2011*" (Plan)(see also endnote 4). Specifically, all of the projects identified in Section A above and many more of a similar nature, effectively implement the Conservancy's *Recreation and Education Program*, its Projects 1 and 4, and component Projects 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8.,1.9 (See pages 15-30 of Plan).

Recreation and Education COBCP

This COBCP is fully consistent with the Conservancy's *Recreation and Education Program*, one of its four major programs. The statutory objectives implemented by the Recreation and Education Program are "*to provide recreation opportunities, open space,...and lands for educational uses within the area*", and "*to provide for the public's enjoyment and to enhance the recreational and educational experience on public lands in the territory in a manner consistent with the protection of land and natural resources, as well as economic resources, in the area*".

The five year goals of the *Recreation and Education Program* are to "*complete projects that will most expeditiously result in River Park amenities that the public can begin to see and use, and complete or significantly advance at least 32 miles of River Park Trail*".

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The portion of the *Recreation and Education Program* consistent with the COBCP is being implemented by way of two Projects and nine component projects as shown below:

Project 1: Complete the San Diego River Park Trail

Under Project 1 the Conservancy and its partners will design and construct/improve approximately 32 miles of River Park Trail. This COBCP will contribute to, but is not expected to achieve the Program's 32 mile, 5 year goal as shown below.

- Project 1.1: San Diego County Estates to Cedar Creek Falls (2 miles)
- Project 1.2: Eagle Peak Preserve/Saddleback to Cedar Creek Falls (2 miles)
- Project 1.3: Cedar Creek Falls to near El Capitan Reservoir (4 miles)
- Project 1.4: El Monte Valley Loop Trail (9 miles)
- Project 1.5: Improve Historic Flume Trail (6 miles)
- Project 1.6: Lakeside's River Park Conservancy Trail (2 miles)
- Project 1.7: Equestrian Trail and Improvements in Mast Park (1.5 miles)
- Project 1.8: Carlton Oaks Golf Course (2 miles)
- Project 1.9: City of San Diego Reaches (3.5 miles)

Project 4: Ask the Public to Help (Implement Public Education)

Under Project 4 the Conservancy will work with its partners to develop and implement a public outreach and educational program. The children's book will be an outstanding addition to this overall effort by promoting increased awareness and stewardship of the San Diego River.

C. ALTERNATIVES: (for each, describe the proposed alternative and provide a brief summary of scope, cost, funding source, program benefits, facility management benefits, and impact on support budget)

Alternative #1: Provide funding at recommended level of \$750,000 comprised of \$250,000 each from the following funds: General Fund, Environmental License Plate Fund, and future Park/Water or Conservation Bond Act funds (or any other applicable funding sources).

Alternative #2: Rely exclusively on existing local funds to address problem and need. This would mean that the stated public benefits would be greatly reduced since local funds are generally not available or are very limited at this time.

Alternative #3: Appropriate a lesser level of funding than requested for the purposes of the San Diego River Conservancy's *Recreation and Education Program*. Any amount of funding will be appreciated and used efficiently.

D. RECOMMENDED SOLUTION:

1. *Which alternative and why?*

The Conservancy is recommending alternative 1. The requested appropriation is a minuscule fraction of the total amount needed for the Conservancy's *Recreation and Education Program* and will necessarily be combined with Conservancy funds from other

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sources (Prop 40 River Parkways), as well as leveraged with partner contributions. The requested \$750,000 (by itself without augmentation) will pay for a very small amount of trail construction and will cover the costs of printing and distributing the children's book. This is an important accomplishment. When augmented with other fund sources, this appropriation will have very significant multiple and direct public benefits to the residents, tourists, and economy of San Diego and California. The appropriation will result in an incremental improvement in the quality of life for San Diegans.

In evaluating this COBCP it is important to keep in mind that the Conservancy has in the past, is now, and will continue in the future to make a significant concerted effort to secure the capital outlay funding needed to conduct its *Recreation and Education* and other Programs. Such efforts are described in Appendix 1 of this document. The Conservancy is neither complacent nor relying upon State funding for the conduct of its mission. The Conservancy will continue to seek out and apply for any and every state, federal, local, and private funding opportunity that is appropriate and seen as a worthwhile investment of staff time to pursue.

2. Detail scope description.

Provide funding to the San Diego River Conservancy from three state general-purpose sources for the purpose of funding projects to provide and enhance the recreational and educational experience within (and about) the San Diego River Area.

3. Basis for cost information.

Cost estimates for building trail segments vary considerably with location along the River. Cost estimates are taken from the Five Year Plan and are based upon best available and most current market driven costs. They are educated, reasonable, and location specific estimates arrived at in consultation with the Conservancy partners, but they are not precise calculations. A comprehensive printing cost comparison has not yet been developed.

4. Factors/benefits for recommended other than the least expensive alternative.

This proposal would use a small amount of funds to provide large public benefits, but represents only a small portion of the Conservancy's overall fiscal need for recreation and education as identified in the Conservancy's Five Year Strategic and Infrastructure Plan.

Although this appropriation will be combined with other funding sources (most importantly Proposition 40 River Parkways), less funding will address an even smaller fraction of the need and will realize commensurately less public benefit (fewer trail segments to enjoy and reduced opportunity to teach River stewardship, especially to children).

Please see Appendix 1 which provides additional justification for this request as well justification for the use of the General Fund, future Bond Funds, and ELPF or other applicable Special Funds.

5. Complete description of impact on support budget.

There will be no impact on the Conservancy's support budget.

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6. Identify and explain any project risks.

There are no risks associated with this type of conservation program.

7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).

No interdepartmental coordination, reviews or approval are required for the expenditure of these funds.

End Notes:

¹ These three general-purpose fund sources would also serve as a source of readily available flexible funds to cover the required upfront costs associated with acquisitions (e.g., options, appraisals, Phase 1 site assessments, DGS/PWB approvals, etc.) and provide the opportunity to seize limited windows of opportunities. This is also an important and ongoing Conservancy need.

² The total funding need was derived by estimating the costs of each program and implementing project. Project cost estimates were provided by the anticipated lead project partner and based upon best available and most current cost information. They are educated, reasonable, and location specific estimates but are not precise calculations.

³ A copy of the Conservancy's "Five Year Strategic and Infrastructure Plan, 2006-2011 is enclosed in this COBCP Request package and may also be accessed at <http://sdrc.ca.gov>. A copy of the Plan has previously been submitted to the Department of Finance.

⁴ The \$240,000 award was part of a larger settlement between the City of San Diego and the Regional Water Quality Control Board in 2005.

Appendix 1

Past and Future Conservancy Efforts to Secure Funding

Two Federal Appropriation Requests for 2007

The Conservancy has submitted two requests for 2007 federal appropriations; one through the Department of Agriculture (via City of San Diego) and the second through the Department of Interior (via Congresswoman Susan Davis). In both cases, if successful, the funding would be appropriated to the Conservancy's local federal partner (i.e., the Cleveland National Forest and the Bureau of Reclamation) who would conduct the proposed projects on the behalf of the Conservancy. Both federal appropriations requests are pending.

Supplemental Environmental Project (SEP) to Local Transit District

The Conservancy has submitted an SEP application to the San Diego Metropolitan Transit District to obtain funding for the Conservancy's Hydrology Assessment of the San Diego River Watershed. Decision is pending.

Cave's Water and Parks Private Initiative for Nov 2006 Ballot

Although the Conservancy does not have its own specific line item appropriation in the Cave's initiative, it is eligible to receive significant funding from the State Coastal Conservancy under Chapter 7, Protection of Beaches, Bays and Coastal Waters (assuming voter approval). Section 75060(f) makes \$27 million available to the Coastal Conservancy for the protection of San Diego Bay and coastal watersheds.

The San Diego River Conservancy will submit well developed project proposals to the Coastal Conservancy requesting funding. The Conservancy will also request funding from the Wildlife Conservation Board. In addition, the Conservancy will submit competitive applications to the Resources Agency, State Water Resources Board, Department of Water Resources, Department of Parks and Recreation, and other departments for various pots of funding included in the initiative such as River Parkways, Urban Streams, etc. The Conservancy may also explore urban greening funds in the initiative.

Resources' Prop 40 River Parkways Funds for San Diego River -- \$3 million

Current status: Three applications, totaling approximately \$3 million, are currently under review by the Resources Agency.

When the Conservancy brought its Executive Officer on board in late April 2004, there was approximately \$7.8 million (of the original \$12 million) remaining in Resources' Prop 40 River Parkway line-item for the San Diego River. In September of 2004, the Executive Officer recommended and the Conservancy Governing Board unanimously approved three excellent projects and the use of approximately \$3 million in Prop 40 River Parkway funds to support them.

The Board requested the lead partner for each project to submit application directly to the Resources Agency for Prop 40 funding. The City of San Diego submitted two applications (bicycle path development project and habitat restoration project) and the San Diego River Park Foundation submitted one application (acquisition in headwaters). Both have also submitted additional requested information. The Conservancy has remained in contact with both the applicants and the Resources Agency throughout the review process. The Conservancy has and will continue to facilitate completion of the application review process in any way it can and within the shortest possible timeframe.

Current Plans for Resources' Remaining \$5 million Prop 40 River Parkway Funds

Current status: Application, totaling approximately \$5 million, is currently under development by the Conservancy and will be submitted to Resources ASAP.

The San Diego River Conservancy is currently preparing a multi-project, multi-partner application for the entire remaining \$5 million balance of Prop 40 River Parkway funds. The Conservancy's application(s), which will be submitted directly to Resources, requests Prop 40 River Parkway funds for the design and construction of multiple trail segments along the length of the River as well as some very recently available acquisitions which we are currently pursuing and intend to secure as quickly as possible.

We are proposing the development of trail segments (of varying lengths) for the headwaters, El Monte Valley, Lakeside, the City of Santee, and the City of San Diego and we are currently working closely with our partners to develop application for each segment. Partners include the Cleveland National Forest, the County of San Diego, the City of Santee, City of San Diego, the Endangered Habitats League, the San Diego River Park Foundation, the San Diego Bicycle Coalition and other members of the San Diego River Coalition. We are also currently working closely with the Department of Fish and Game and US Fish and Wildlife to address each of the many complex CEQA issues that have arisen to date.

Our Prop 40 application will also request funding for several newly available acquisitions we are currently pursuing. These include one exceptional two-mile long parcel (currently in bankruptcy court) and several parcels in El Monte Valley. We will also request funding for a conservation easement we are pursuing.

Previous Informal Plans for Remainder of Prop 40 River Parkway Funds

Since late April 2004, the City of San Diego has on more than one occasion presented status reports to the Governing Board on four to six potential acquisitions it has been pursuing. These were believed to represent the best, highest priority opportunities within the City for Prop 40 funding. In Sept 2004, the Governing Board gave its blessing to develop these potential acquisitions ASAP and voted to informally support any or all of the six parcels for potential future Prop 40 funding. To date, some of these acquisition efforts continue to be viable but are not yet ready for purchase. The Conservancy will continue contact with City real estate representatives and the landowners as appropriate. When and if the landowners become ready to sell, the Conservancy will be there to assist them.

Support BCPs for 2007

The Conservancy also plans to submit Support BCP requests for 2007.

Reimbursement Authority

The Conservancy plans to request increased Reimbursement Authority by way of the Budget Revision process, as needed.

The Conservancy further intends to aggressively pursue other additional appropriate federal, state, local, and private funding sources as they arise in the future. In addition, the Conservancy has also applied for several past sources of funding as summarized below.

- ***Federal Appropriation for FY 2006***
- ***Consolidated Grant***
- ***Prop 50 Integrated Regional Water Management Plan (IRWMP)***
- ***Southern California Wetlands Recovery Project (four proposals)***

Why Should Funds be Appropriated to the San Diego River Conservancy?

Strong Partner Support / Highly leveraged

A cooperative network of partners is already assembled that will strongly support the Conservancy's efforts and will ensure that the State's investment is highly leveraged to provide maximum conservation per dollar.

Demonstrated Need

The Conservancy's *Five Year Strategic and infrastructure Plan* clearly documents and demonstrates the Conservancy's need for \$164.5 million over the upcoming five year planning period. This modest COBCP requests only a minute fraction of the total needed, but will result in an important early Conservancy success. In addition, a readily available flexible funding source is needed to cover the upfront costs of acquisitions, move rapidly in the market, and take advantage of limited windows of opportunity.

Strong Public Support

The Public has demonstrated strong support for the Conservancy, its mission, and Five Year Strategic and Infrastructure Plan and each of its four major programs and thirty implementing projects.

Allows Conservancy to Build Track Record / Demonstrate Value-Added

Appropriation of funds to the Conservancy will allow it to grow its much needed track record. The San Diego River Conservancy is anxious to move forward with projects of this nature because in addition to directly achieving its mission, they also help to cultivate the Agency's new track record. This Administration has provided an opportunity for the San Diego River Conservancy to demonstrate its ability to both obtain/spend dollars and to consummate projects within its jurisdiction efficiently.

The Conservancy is requesting these, and other funds, in order to demonstrate its capacity to secure and efficiently expend money, as well as to demonstrate its value-added (i.e., show the value of, and need for, this Conservancy to advance the statutory objectives and the community vision of protecting the special resources of the San Diego River).

Justification for General Funds Request

Although we are very aware of the constraints and competitive pressures on the General Fund, the Conservancy believes that its unique circumstances warrant your consideration of a moderate appropriation of General Funds for the following reasons:

- ***Need and Request:*** Because the Conservancy needs \$164.5 million in capital outlay funding and because there are presently very few sources from which to obtain capital outlay funding, the Conservancy is requesting a modest appropriation of General Funds. This appropriation will provide needed resources to advance the Conservancy's *Recreation and Education Program* while allowing the Conservancy the time to develop more reliable longer-term sources of funding.
- ***Secondary Need for Available Flexible Funding:*** In addition the Conservancy needs access to an immediately available flexible funding source to cover the necessary upfront costs of acquisitions (e.g., options, appraisals, Phase 1 site assessments, DGS/PWB approvals). Without such funds, the Conservancy (and its partners) will likely not be able to move quickly enough to take advantage of fleeting windows of opportunity for acquisitions. An available flexible source of

capital outlay funds also provides the opportunity to undertake unscheduled projects at the Governing Board's discretion. The General Fund is an excellent source of flexible capital outlay funding for any of the Programs and purposes of the Conservancy.

- **No Prop 12, 13, 40, 50 Appropriations:** Since the Conservancy was not yet created, it has not received a direct appropriation from any of the recent Bond Acts, Propositions 12, 13, 40, and 50. In contrast, the other state Conservancies have received significant appropriations from these Bond Acts. The Conservancy requests an equitable share of all remaining existing bond funds as well as all future bond funds.
- **Not in Private Initiative:** The Conservancy is not included in the upcoming Water and Parks (Cave's) Private Initiative for the November 2006 ballot. All other state conservancies have specific allocations (including one non-state conservancy). For this reason, we are requesting your consideration of alternate capital outlay funding to allow the Conservancy to conduct its statutory mission.
- **No Tidelands Oil Revenues Funds:** The Conservancy has not participated in any funding from the Tidelands Oil Revenue Fund. In contrast, many other state Conservancies have received significant funding from this Special Fund source. Revenues remaining in the oil fund now will be directed to the General Fund. Since the Conservancy has been left out of all Tidelands Oil Revenue funds to date, a General Fund appropriation could potentially help us capture a small amount of funding from this source (or otherwise replace it).
- **Unanticipated State Revenues:** The State is reporting revenues estimated at more than \$5 billion ahead of predictions (\$4 billion this year and \$1 billion next). A moderate appropriation from the General Fund would allow the Conservancy to participate in the State's revenue surplus.
- **General Funds Support State Conservancies:** It is my understanding that many of the other state conservancies are currently receiving or have received General Funds at some point throughout their history. The San Diego River Conservancy is seeking many other funding sources but is also requesting equitable state funding. Access to State funds is one of the key functions of a state chartered Conservancy and one of the primary reasons the San Diego River Conservancy was created.
- **Local Funding Sources are Not Available:** The Conservancy understands that the Agency and Department of Finance wants the Conservancy to obtain local funding. Accordingly the Conservancy has and will continue to seek local funding, however it is currently not available. If local funds had been available, there would likely not have been as compelling of reason to create the Conservancy.

Bond Fund Request

In order to accomplish its statutory purpose of acquiring public lands, it is important for the Conservancy to participate equitably in any future state General Obligation bond funds. The Conservancy has not directly participated in any existing bond funds and has been omitted from the upcoming Cave's private initiative. For this reason the Conservancy is requesting Agency's assistance in securing appropriations from any possible future or existing Bond Funds. In addition to needing bond funds to conduct the Conservancy's core Programs, Bond Funds would

also provide a much needed source of readily available flexible funds to pay upfront costs and seize fleeting windows of opportunity.

ELPF / Special Fund Request

Although we are well aware that ELPF revenues are declining and over-allocated, the Conservancy is never-the-less requesting your consideration of providing a small amount of funding from ELPF or any other Special Fund source for which we may be eligible. In addition to needing ELPF (or other Special Funds) to conduct the Conservancy's core Programs, ELPF/Special Funds would also provide a much needed source of readily available flexible funds to pay upfront costs and seize fleeting windows of opportunity.

Appendix 2

Five Year Strategic and Infrastructure Plan, 2006-2011

On March 24, 2006, the Governing Board of the San Diego River Conservancy (Conservancy) adopted its first “Five Year Strategic and Infrastructure Plan, 2006-2011” (Plan) (see endnote 4). Derived from the statutory objectives specified in the San Diego River Conservancy Act, the mission of the Conservancy as stated in the Plan is:

The mission of the San Diego River Conservancy is to further the goals of its enabling legislation (i.e., land conservation, recreation and education, natural and cultural resources preservation and restoration, water quality and natural flood conveyance), by conserving and restoring its land and water for the enjoyment of present and future generations. This mission will be accomplished in part by building, with our partners, a San Diego River Park and hiking trail stretching from the headwaters to the Pacific Ocean.

The Plan also defines the strategy by which the Conservancy will conduct its statutory mission during the upcoming five year planning period. Specifically, the Plan defines the Conservancy’s four major Program areas, each embodying one or more of the statutory objectives specified in the San Diego River Conservancy’s enabling statute, Public Resources Code, Division 22.9, Section 32630. The Conservancy’s four major Programs are:

- 1) Land Conservation;
- 2) Recreation and Education;
- 3) Natural and Cultural Resources Preservation and Restoration; and
- 4) Water Quality and Natural Flood Conveyance.

In addition, the Plan further defines a set of projects through which each Program will be implemented. In all, there are a total of thirty implementing projects.

Overview of COBCP Request Packet

The San Diego River Conservancy currently has a Capital Outlay Budget of \$0. In order to conduct its basic statutory mission, it is essential for the Conservancy to secure an adequate capital outlay budget of its own. The Conservancy respectfully requests the Agency’s and Department of Finance’s support in securing the capital outlay funds (and additional budget authority) needed by the Conservancy to conduct its statutory mission.

For your convenience, an overview table summarizing the Conservancy’s entire COBCP Request Packet is attached as **Table 1**. As shown, our overall Request Packet consists of seven COBCPs, four of which are programmatic each corresponding to one of the Conservancy’s four major Programs. The programmatic COBCPs request small appropriations from multiple sources of specific-purpose and general-purpose funding. Together the four programmatic COBCPs request a total of \$6.25 million of new capital outlay funding. The remaining three COBCPs do not request new funding, but request instead a specific change in our budget authority or budget language to provide additional capacity for the Conservancy to carry out its mission (while developing its track record and other reliable funding sources).

Table 1. Summary of Seven Conservancy COBCPs by Program, Funding Source, and Total Funding Request

SDRC Program Number and Name	COBCP Number and Title	COBCP Priority	Approx Prop 40 Fund Request	Approx General Fund Request	Approx Bond Funds Request	Approx ELPF / Special Funds Request	Federal Trust Authority Request	Reapprop- of Remaining R. Parkway Funds after 06 /30/07	General Fund Loan Amount Request	Approx Total Program Funding Needed
1. Land Conservation	07/08:01 Land Conservation	1	<i>Prop 40 Ag Lands \$1.4 Million</i>	<i>\$.6 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$2.5 Million</i>
2. Recreation & Education	07/08:02 Recreation & Education	3	—	<i>\$.25 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$.75 Million</i>
3. Natural & Cultural Resources Preserv & Restoration	07/08:03 Cultural & Historical Resources Preserv & Restoration	2	<i>Prop 40 Historical and Cultural Resources \$1.6 Million</i>	<i>\$.4 Million</i>	<i>\$.25 Million</i>	<i>\$.25 Million</i>	—	—	—	<i>\$2.5 Million</i>
4. Water Quality & Natural Flood Conveyance	07/08:04 Water Quality & Natural Flood Conveyance	4	<i>Prop 40 Beaches, Watershed, & Water Qual \$569,000</i>	—	—	—	—	—	—	<i>\$.5 Million</i>
—	07/08:05 Federal Trust Fund Authority	5	—	—	—	—	<i>1.2 Million</i>	—	—	—
—	07/08:06 Prop 40 River Parkway	6	—	—	—	—	—	<i>Up to \$7.8 Million</i>	—	—
—	07/08:07 General Fund Loan	7	—	—	—	—	—	—	<i>Up to \$5 Million</i>	—
Total	—	—	<i>\$3.5 Million</i>	<i>\$1.25 Million</i>	<i>\$.75 Million</i>	<i>\$.75 Million</i>	—	—	—	<i>\$6.25 Million</i>
